

INFORMATION REPORT

REPORT NO

CD NO.

COUNTRY Hong Kong/China

DATE DISTR. 5 MAY 51

SUBJECT Chinese Communist Trade,
Hong Kong

NO. OF PAGES 2

PLACE 25X1A
ACQUIRED [REDACTED]

NO. OF ENCLS.
(LISTED BELOW)

DATE OF
INFO.

SUPPLEMENT TO
REPORT NO.

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Wood Oil Trade

1. Before the Communist occupation of China, Hong Kong export firms bought wood oil and other vegetable oils at the Hong Kong offices of Chinese firms which were supplied by their branches in China proper. After the fall of Canton, the Chinese Communists forced these firms to organize into a syndicate (聯營) by controlling mainland export permits. Members of the syndicate continued to procure oil as in the past, but all contracts of sale to export firms, under the new conditions, required the approval of a Communist-designated agent firm. This firm, the Kuang Ta Hua*, charged a fee of one or two percent on each contract presented for approval. Contracts had to be accompanied by a bill of lading, and no contract was approved if the bill of lading showed that the shipment was to go to the United States, Canada, Japan or the Philippines. When a contract was approved, the supplying firm involved drew the oil from its warehouse and loaded it on board ship. The loading was checked by Kuang Ta Hua. The export firm most favored by the Communists in these transactions has been T. O. WONG and Company, Limited, itself a semi-official Communist company.**
2. In February or early March 1951 the export functions of Kuang Ta Hua were taken over by the Nan Hsin Company***, which requires a copy or photostat of the bill of lading before approving a contract, but does not supervise the loading. Some exporters have been shipping wood oil to Singapore on ships which after Singapore call at Philippine ports and cross the Pacific to the United States. These exporters change the destination of their cargo after the vessel has left Hong Kong. The margin of profit to the exporter on such shipments is small. For the shipments must be made in drums which are

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Document No. 3
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 Class. Changed To: TS S (C)
00457R00P400330003-5
 Auth: RA 72
 Date: 03 AUG 1978 By: 24

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not only very expensive but in such short supply in Hong Kong that such shipments must be small. Several such shipments have been made to a Seattle importer. The export firm which makes such shipments has been trying to find a way to forge a bill of lading for large shipments in bulk in such a manner that they would appear to be going to Europe while actually destined for the United States.

Shipments Hong Kong to China

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3. The Chinese Communist South China Trade Administration was buying large quantities of gasoline, tin plate and metal articles in early March 1951. The goods were shipped from Hong Kong to Canton by two routes:
- By sail boat or motor launch from Aberdeen to Inner Lingting Island and thence to the Pearl River for unloading at Whampoa.
 - By the Canton-Kowloon Railway to Shench'uan, where the import and export agencies of the Trade Administration would reship the cargo to Canton.

Beyond Canton the supplies were shipped to Hankow by rail. The major purchasing agent in Hong Kong in early March was SJ Shih-to (蘇世德), manager of the Hua Ta (華達) Trading Company, which has offices in the Ho Chung Hang**** on Ice House Street. The Hua Ta Trading Company is the largest Chinese Communist trade agency established in Hong Kong before the Chinese Communists took South China.

Diesel Engines

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4. At the beginning of March 1951 the Ch'i Ch'ang (齊昌) Company, a British firm, had bought 210 American-made Diesel engines. The motors were turned over to the Kuang Ta Hua Company, Ice House Street, to be smuggled into China.*****

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* [REDACTED] Comment. [REDACTED] identified this as the China Mutual Trading Company.

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25X1A [REDACTED] Comment. The activities of this firm are discussed in [REDACTED] and references. 25X1A

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[REDACTED] Comment. [REDACTED] identified this firm as the Universal Development Company.

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[REDACTED] Comment. Efforts to identify the Ch'i Ch'ang Company have proved fruitless.

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